

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2381 – SB 2243

February 19, 2012

SUMMARY OF AMENDMENT (013285): Deletes all language after the enacting clause. Authorizes the Commissioner of the Department of Transportation, subject to the approval of the State Funding board, to enter into negotiated contracts with financial institutions for the purpose of stabilizing net expenses of the Department for the purchase of gasoline, diesel, or other fuels, or net expenses of price adjustments based on changes in the cost of fuel, bituminous materials, or other materials in the Department's construction contracts. Requires that any suit, action, or proceeding at law or in equity against the state shall be bought solely in any court of competent jurisdiction in Davidson County, Tennessee.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact - Potential cost avoidance if fuel prices increase during the term of the fuel hedging contract. Any resulting cost avoidance would be contingent on several unknown variables, such as the amount of fuel purchased, the length of the hedging contract, and the amount of fuel price increase. Given the extent of unknown variables, any future cost avoidance cannot be quantified with reasonable certainty.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions applied to amendment:

- Entering into negotiated fuel hedging contracts will provide certainty to the Department regarding the exact prices that will be paid per gallon of fuel for a specific period of time.
- Potential cost avoidance if fuel prices increase during the term of the fuel hedging contract. The exact amount is contingent on several unknown variables, such as the amount of fuel purchased, the length of the hedging contract, and the amount of fuel price increase, and cannot be reasonably estimated.
- The negotiation process will not result in a significant fiscal impact to the Department.

- Requiring any suit, action, or proceeding against the state to be brought in a Davidson County court will not result in a significant fiscal impact to state or local government. Any increase in the caseloads of Davidson County courts can be accommodated within existing judicial resources without an increased appropriation or reduced reversion.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/bos